

APPENDIX D

JPO Review and Assessment of the Det Norske Veritas ROW Compliance Report (2000)

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The Trans Alaska Pipeline System (TAPS) owners are required to comply with the Federal Grant (Grant) and State Lease (Lease) and relevant laws and regulations. Alyeska Pipeline Service Company (Alyeska) is the agent for the owners of TAPS. As part of the process for the Grant/Lease renewal of the right of way (ROW), Alyeska hired Det Norske Veritas (DNV) to do a third party audit of compliance with the Grant/Lease. The findings of that audit were presented in DNV Report Number 10561-A (Certificate Report) Revision 1, dated 30 November 2000, which highlighted twelve areas of findings and were presented under the following headings:

- Regulatory and other requirements
- Commitments to regulatory agencies
- Organization
- Training and competence
- Management of contractor
- Management system hierarchy and architecture
- Management of change
- Document control
- Knowledge management
- Management of corrective actions
- Direction and policy
- Specific instance of non-compliance

Alyeska considered the findings contained in the Certificate Report and developed an initial response to address the issues raised. Their initial response is described in Alyeska letter to DNV dated 23 March 2001. DNV undertook a review of the proposed plans to determine whether the plans adequately address the issues raised. This review was presented in DNV Report Number 10561-C (Progress Review Report – March 2001) and concluded that the proposed actions adequately addressed the issues raised in the DNV Certificate Report. The DNV reached the following conclusion:

“Subject to the appropriate implementation of the actions proposed in their letter dated 23 March 2001, the management systems of the Alyeska Pipeline Service Company, operator of the Trans Alaska Pipeline System (at 1835 South Bragaw Street, Anchorage, Alaska 99512, USA) incorporate a compliance system, which should be capable and effective in ensuring ongoing compliance with the Right of Way requirements, including laws and regulations.”

Since issuance of the progress report in March 2001, Alyeska has implemented the proposed plans. Alyeska requested DNV to review the actual progress made since the plans were originally developed and to offer comment on how to improve ongoing activities.

The State Pipeline Coordinator, representing the JPO, conducted an audit (interviews, review of the audit process and documents, corrective action processes and review of the raw audit findings) of DNV's processes and procedures for conducting the audit and verifying the closure of the findings. This audit revealed the procedures used by DNV for audits and closure of findings was aligned with the procedures used by the JPO.

Key finding 12 (compliance) from the DNV Certificate Report identified twenty-nine issues that were categorized as directly related to compliance with the Lease, State laws and regulations and, the Grant, Federal laws and regulations. DNV continues to review Alyeska's efforts to address the twenty-nine items of noncompliance. The purpose of the DNV review was to present a status of each item and, where appropriate, verify corrective actions have been addressed. This is achieved through:

- Discussions between DNV and those within Alyeska responsible for the closeout activities.
- Review by DNV of the closeout documentation packs prepared by Alyeska.
- Possible (but only if deemed necessary) DNV physical verification.

The JPO has reviewed the twenty-nine compliance issues for its applicability to State Lease and Federal Grant requirements and regulatory compliance issues. Seven (7) of the 29 compliance issues were tied directly to State Lease or Federal Grant requirements while the remaining twenty-two (22) issues addressed various laws, regulations and internal Alyeska policies. The JPO reviewed the closure actions and developed its own determination through document verification and, in some cases, physical verification (surveillances) by JPO staff. The summary of these reviews follows:

Finding #12-1 addressed a reported instance of inadequate cover at a solid waste disposal in 1999 contrary to a permit issued by the Department of Environmental Conservation (ADEC). Alyeska provided the JPO copies of the documented actions that were taken to verify the finding and correct and prevent future similar actions. After an inspection of the site Alyeska could not confirm the finding. The compliance report from ADEC found that there were no non-compliances with permits issued to Alyeska. DNV confirmed this issue is in compliance and that all the actions that can be carried out have been completed. JPO considers this finding closed.

Finding #12-2 addressed an alleged non-compliance with an ADEC permit in 1999 where burning at the working face of a solid waste disposal site took place. Alyeska provided the JPO copies of the actions taken to verify the finding and correct and prevent similar actions. After an inspection of the site, Alyeska could not confirm the finding. . The compliance report from ADEC found there were no non-compliances with permits issued to Alyeska. DNV found that this finding appears to have been a communication issue between the auditor and the person the auditor spoke with on the phone. JPO considers this finding closed.

Finding #12-3 addressed the lack of evidence of compliance with State Lease and Federal Grant stipulation 1.14.2. The JPO clarified the expectations with regard to this stipulation by letter. Alyeska provided the JPO copies of the action taken to correct this finding. JPO Technical Report, FBU-01-E-007, Revision 1, had no findings associated with this stipulation. DNV found that Alyeska was in compliance with the stipulation but was not in compliance with internal policy. This stipulation is scheduled for additional monitoring after July 1, 2002. The JPO will re-evaluate the status after additional monitoring is completed.

Finding #12-4 addressed the need for clarification of an Alyeska requirement regarding pre-hot work inspections. This requirement is not related to the State Lease or Federal Grant and, therefore, does not require JPO closure. However, Alyeska did provide the JPO copies of the actions taken to correct this finding. The JPO considers this finding closed.

Finding #12-5 addressed Asbestos Containing Material (ACM) location lists not being available at PS-9 and 12. Alyeska provided the JPO a copy of the Alyeska Intranet web page that provides this information for all TAPS facilities. DNV confirmed that Alyeska is in compliance with the regulations. The JPO considers this finding closed.

Finding #12-6 addressed an inconsistency of identifying confined spaces and placement of signs for those areas at PS-9 and PS-12 that require work permits. . Alyeska provided copies of actions taken to correct this finding and prevent similar future findings. The corrective and preventive actions were surveilled and photographed at PS-9, PS-11, and PS-12 by JPO, Department of Labor personnel and found the corrective action to be satisfactory. The JPO considers this finding closed.

Finding #12-7 addressed the lack of familiarity of the emergency response plan by personnel at the Nordale Yard. This finding does not relate to a State Lease or Federal Grant stipulation. Alyeska verified that personnel at Nordale Yard have completed a review of EC-71-NDY and training records are available at that location. DNV field verified the APSC corrective action and closed this finding. The JPO considers this finding closed.

Finding #12-8 addressed the lack of understanding of the Alyeska Integrity Management System (AIMS). This finding does not relate to a State Lease or Federal Grant requirement. However, contained within AIMS are three programs that do relate to Lease and Grant requirements, QA-36, SA-38 and EN43. QA-36 rev.10 is the current quality assurance program used to meet Lease and Grant requirements; SA-38 is the current safety program used to meet Lease and Grant requirements; and EN-43 is the current environmental program used to meet Lease and Grant requirements. Alyeska assigned this finding to the Systems Renewal Team. DNV reviewed Alyeska interim results and found considerable progress made. The JPO entered into a MOA with Alyeska on February 28, 2002 outlining interim and long term strengthening of Alyeska's implementation of these programs. The JPO considers this finding closed and will continue to enforce the MOA.

Finding #12-9 addressed the availability of the Alyeska training matrix on site, where it is needed, and the matrix being cumbersome. . This finding is not related to a State Lease or Federal Grant requirement, however it does support many of the requirements. Alyeska implemented new training systems called eLITE and the ARCS system. JPO personnel have been provided with a demonstration of the systems when in use and consider this finding to be closed.

Finding #12-10 addressed improving data gathering and reporting requirements for Section 28 of the Federal Grant. Alyeska hired a Minority Business Enterprise Administrator and a Regulatory Specialist to develop a program for reporting Sec. 28 hires. The Federal Authorized Officer approved Alyeska's EEO/Affirmative Action program. An assessment was conducted by the JPO and no compliance findings were identified. The JPO considers this finding closed.

Finding #12-11 addressed preventive action to maintain slope stability as required by State Lease and Federal Grant stipulations 3.5 and 3.9. The JPO has conducted extensive reviews and a Reliability Centered Maintenance (RCM) analysis of these requirements at the locations identified in this finding. The JPO identified areas of concern that present potential geotechnical maintenance and monitoring elements and found Alyeska is currently in compliance with both stipulations. The JPO considers this finding closed.

Finding #12-12 identified that APSC briefings do not speak to "endangered plants." This finding does not relate to a State Lease or Federal Grant requirement. There are no known endangered plants within the right-of-way as identified by USF&WS. JPO considers this finding closed.

Finding #12-13 addressed notification of the SPC/AO of fires under State Lease and Federal Grant stipulation 1.17. DNV misinterpreted this stipulation to cover all fires when this stipulation only covers wildfires. The JPO has an approved process for notification of all fires, wild and others that threaten the pipeline system that has worked well. The JPO considers this finding closed.

Finding #12-14 addressed a work permit that was not closed out when the work was completed as required by an Alyeska manual. This finding does not relate to a State Lease or Federal Grant requirement. DNV did a follow up audit of work permits over a nine-month period and found no other similar instances. The JPO considers this finding closed.

Finding #12-15 addressed an agreement between U.S. Department of Transportation/Office of Pipeline Safety (U.S.DOT/OPS) and Alyeska regarding pig runs and close interval surveys for corrosion on the fuel gas pipeline. The U.S.DOT/OPS has indicated that Alyeska is in compliance with this aspect of the agreement. The JPO considers this finding closed.

Finding #12-16 addressed the adequacy of lightening protection as required by State Lease and Federal Grant stipulation 3.2.2.6. The JPO and Alyeska entered into a MOA on December 20, 2001 that set out the steps for closure of this finding. Alyeska conducted an assessment that concluded that they are in conformance with the National Fire Protection Association code NFPA-780 and have requested a design base change from the JPO in accordance with the MOA. The JPO engineering staff is reviewing the request; this finding continues to remain open.

Finding #12-17 addressed evidence that damaged survey monuments had not been restored as required by State Lease and Federal Grant stipulation 1.16.2. JPO surveillances found no evidence of this. After a discussion with Alyeska personnel it was determined that the stipulation was being applied to Alyeska monuments as well as the land survey monuments covered under the stipulation. The JPO will be conducting surveillances on a random selection of land survey monuments this summer. The JPO considers this finding closed.

Finding #12-18 addressed SARA Title III reporting not being made available, as required. SARA stands for Superfund Amendments and Reauthorization Act of 1986 and is a Community Right to Know Program. This finding is not related to a specific State Lease or Federal Grant requirement, however it is a federal statutory requirement. Alyeska and DNV completed a review of Alyeska's inventory of chemicals and found that this requirement did not apply because the quantities fall below the 10,000lb threshold/year. The JPO considers this finding closed.

Finding #12-19 addressed Valdez Marine Terminal (VMT) egress issues identified by the State Fire Marshall inspector. The State Fire Marshall inspector re-inspected this issue and found the corrective action was adequate. The JPO considers this finding closed.

Finding #12-20 addressed who would assume the role of incident commander for a non-spill event because it was not identified in Alyeska Manual EC71. Each pump station now publishes a location specific On-scene Command Organization Chart for each shift. This finding was specific to non-spill events. The JPO considers this finding closed.

Finding #12-21 addressed protective guards missing on a sander at PS-3 and a grinder at PS-9. Alyeska took the equipment out of service, inspected it, and installed protective guards. DNV field verified the corrective actions. The JPO considers this finding closed.

Finding #12-22 addressed excavation barricades not having warning lights and some having fallen over at PS-1 and PS-9. These situations were immediately corrected when brought to the attention of pump station personnel. A safety communication was issued to the Facility Managers reminding them of the need to inspect barricades as required by APSC Manual SA-38. The JPO considers this finding closed.

Finding #12-23 addressed grounding of buildings in which flammable materials are contained or stored at PS-1 and PS-3. The State Fire Marshal inspected the buildings after corrective actions were taken and found the buildings in compliance. The JPO considers this finding closed.

Finding #12-24 addressed the adequacy of pump station fire protection. This finding contained seven (7) items that required corrective action. Alyeska completed the corrective actions and the State Fire Marshal Inspector “checked into all of the items in this finding and believe we can close it.” The JPO considers this finding closed.

Finding #12-25 addressed hazard identification and labeling at various locations. The JPO reviewed Alyeska’s closure documentation and DNV completed a field verification that corrective actions were taken and closed this finding. The JPO considers this finding closed.

Finding #12-26 addressed HazMat Material Safety Data Sheets (MSDS) handling. The JPO reviewed Alyeska’s closure documentation and DNV completed field verification that corrective actions had been taken and closed this finding. The JPO considers this finding closed.

Finding #12-27 addressed one contractor foreman not having the required respiratory, first aid, and non-spill emergency response training. Documentation from the contractors training database was provided and DNV field verified the foreman’s training records and closed this finding. The JPO considers this finding closed.

Finding #12-28 addressed a contractor at PS-9 conducting work without the proper personal protection equipment and without the required safety orientation. The OM supervisor noticed the lack of personal protection, equipment required the contractor to stop work and take corrective action immediately. The JPO considers this finding closed.

Finding #12-29 addressed an incident of equipment operating in a stream without obtaining the proper permit (ADF&G Title 16) and authorization (State Lease and Federal Grant stipulation 2.2.2.2). This finding was based on 1999 correspondence from the JPO. This incident was addressed and closed in a JPO assessment. The JPO considers this finding closed.

In April 2002, a DNR Progress Review (Compliance) Report found that twenty-eight (28) of the twenty-nine (29) findings of non-compliance were brought into compliance and closed (Finding #12-16 remains open). A review and assessment by JPO tentatively agrees with this conclusion. The JPO will field verify two (2) tentative closures (Findings #12-3 and #12-17) prior to finalizing closure. A closure package for Finding #12-16 has been submitted to the JPO and is pending an engineering determination. If the field verifications and engineering analysis allow, all twenty-nine (29) findings of non-compliance will be considered closed by the JPO.